

INDUSTRY UPDATE

Biweekly Period Ending November 18, 2000

Phoenix Metro Area

Manufacturing

Arch Chemical Inc. will **lay off nearly 200 employees** at its Mesa operations as part of a redirection of its operations. The Norwalk, Conn.-based company plans to stop producing "straight" chemicals, such as sulfuric acid, to concentrate on specialty chemicals used in the semiconductor business. The nearly 50 percent reduction in Mesa's workforce will take place between December and March. Those affected will be offered severance packages.

The purchase of a Scottsdale manufacturer of semiconductors used in wireless modems is expected to lead to a **50 percent boost in employment, or about 30 jobs**. The **former SiCom Inc.** plans to **hire nearly three dozen software developers and systems engineers** after it was acquired by Irvine, Calif.-based Intersil Corp. for 3.6 million shares of stock, worth about \$175 million. SiCom also has changed its name to Intersil. The parent company provides silicon technology for the wireless markets, one of the fastest growing high-tech sectors.

Construction

Tempe-based **Fulton Homes Corp.** expects to **start 10 new housing developments** in the metro area **in 2001** as part of plans to **build 5,500 to 6,000 homes** over the next 12 months. The east Valley will be home to eight of the subdivisions, including five in Chandler. Fulton Homes expects sales to exceed 1,600 next year, 60 percent above its current annual level.

The city of **Fountain Hills** has **approved two major construction projects**. The

Four Peaks Plaza shopping center, which will be anchored by a Target, is expected to open in March 2002. And work is expected to begin shortly on a **250-room Fountain Hills Hilton Resort**. The shopping center will be located at Shea and Saguaro boulevards, while the hotel will be at Shea and Palisades boulevards.

Transportation, Communications, and Public Utilities

Southwestern Power Group II has proposed **building a \$1 billion natural gas-fired power plant** 10 miles south of Eloy, which is located about 50 miles south of Phoenix off of Interstate 10. The first phase of the 2,000-megawatt facility, which would generate enough power for 500,000 homes, is expected to be completed in 2003. Construction of the facility — the 15th such plant proposed for Arizona — would **create between 300 and 400 jobs**. About **60 permanent jobs** would be needed when the plant is fully operational.

Services

As part of a nationwide cutback, **Office Depot closed a Phoenix call center, laying off 25 employees**. Sixteen other call centers around the country were also closed. The Phoenix employees will be offered other opportunities with the world's largest office supply company, the Florida-based business said.

Tucson Metro Area

Manufacturing

The **Pascua Yaqui Tribe** south of Tucson **canceled a joint venture** with Advanced Ceramics Research Inc. to build a \$3.5 million high-tech manufacturing plant. Fearing the

project could put the Indian nation at financial risk, a newly-elected tribal council backed out of an **agreement** to build the plant. The facility was **expected to generate annual revenues of \$40 million** and **create 225 jobs** that paid between \$10 and \$20 an hour, a story in *The Arizona Daily Star* said. The tribe's major source of income comes from its casino, which employs more than 450 people with an average hourly wage of \$7.50.

Services

Printing chain **AlphaGraphics** made it official that it was **leaving Tucson**, announcing it will move its headquarters and **150 corporate employees to Salt Lake City**. Alphagraphics, which started in Tucson 30 years ago, has 340 offices worldwide (including 12 in the Tucson metro area). The company announced in September that it was considering offers to leave Tucson for several reasons, two of which included inadequate airline service and lack of qualified employees in the immediate area.

Balance of State

Construction

Coconino County voters turned down a plan to **build a multi-million dollar multi-use project** near the town of Tusayan, just south of the Grand Canyon. By nearly a 2-to-1 margin, voters overturned a unanimous decision, made last March by the Coconino County Board of Supervisors, that approved a plan to allow **Canyon Forest Village** to build 2,500 homes and apartments, 900 hotel rooms, and 240,000 square feet of commercial space over the next five years. Business owners in Flagstaff, Williams, and Tusayan, who were worried about competition from the new town, were able to collect the necessary signatures to put the matter to a vote.

Services

Work is under way on a **1,100-bed medium-security private prison** about 20 miles southwest of Kingman on Interstate 40

near the Griffith Energy Project. The \$35 million **Black Mountain Correctional Facility** is **expected to open in early 2002, creating about 400 jobs** paying a minimum of \$10 an hour. Prison officials plan to **begin hiring as early as next spring**. The 160-acre complex could be expanded to hold up to 2,200 prisoners.

Statewide

Services

Two fledgling Internet companies in Tucson and Phoenix significantly cut their workforces, a sign that the industry's problems have not eluded a state with one of the strongest economies. Phoenix-based **Quepasa.com cut by two-thirds their workforce** of nearly 60, while Tucson-based **Running Start reduced its staff** of about 100 **by one-third**. Quepasa.com, an Internet site for U.S. Hispanics, is looking for an investment partner or a buyer for one or more of its subsidiaries, Real EstateEspanol.com, Etrato.com, and Credito.com. Running Start, which designs software to create Web sites, was hurt when a merger with College Broadcast failed to boost business.

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